

Sample Risk Assessment Questionnaire

For all Risk Factors, use a ranking of zero to five. Zero indicates that a risk factor is not applicable to the particular auditable unit. A rating of one indicates the lowest risk level and a rating of five indicates the highest risk level for each risk factor.

Risk Factor #1: Human Resource Risk

Subfactor 1: Tenure of Management Team: Determine the length of time that Mgmt of the unit has been in place. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
5 + years	1
3 – 5 years	3
0 – 3 years	5

Subfactor 2: Tenure of Employees: Determine the length of time that the average employee in the unit has been in place. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
10 + years	1
5 – 10 years	3
3 – 5 years	4
0 – 3 years	5

Subfactor 3: Training: Determine the types of training offered by Mgmt to keep employees adequately trained for their job duties. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
Job specific training offered annually	1
Job specific training offered less than annually	2
In-house departmental training offered	3
DIS Computer training only	4
No training offered	5

Risk Factor #2: Information Technology Risk

Subfactor 1: Computer Systems Used: Determine the nature of computer applications used to perform job. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
AASIS applications only	1
Other minor systems used	3
Other significant systems used	5

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Subfactor 2: Computer system changes: Determine if there have been any recent changes in computer systems used or any plans to change to a new system, excluding AASIS. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
No Changes	1
Minor Changes	3
Significant Changes	5

Risk Factor #3: Regulatory Risk

Subfactor 1: Nature of Regulations: Determine the nature of the regulatory environment in which the unit operates. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
State Regulations Only	1
Minor Federal Programs/Regulations	3
Major Federal Programs/Regulations	5

Risk Factor #4: Internal Control Environment

Subfactor 1: Occurrences of Fraud: Determine if occurrences of fraud have been reported in last twelve months. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
No Fraud Reported	1
1 Fraud < \$1,000	2
Multiple Frauds < \$10,000	3
Multiple Frauds > \$10,000	4
Fraud > \$100,000	5

Subfactor 2: # of Findings in Last Leg Audit Report: Determine the number of findings relating to the auditable unit in the last Legislative Audit Report. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
0-2 Findings	1
2-4 Findings	2
4-6 Findings	3
6-8 Findings	4
> 8 Findings	5

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- Subfactor 3 Date of Last Internal Audit: Determine the date that the last internal audit was performed for the unit. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
0-1 year ago	1
2-3 years ago	2
> 3 years ago	3

- Subfactor 4 Clearly Defined Goals/Objectives: Through interviews, determine if the unit has clearly defined goals and objectives. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
Clearly defined/Distributed to empl.	1
Defined/Not Distributed	3
Somewhat Defined/Not Distributed	4
Not Defined	5

- Subfactor 5 Policies/Procedures: Through interviews, determine if the unit has formal, written policies and procedures. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
Formal/Written and Distributed to Employees	1
Formal/Written, but Not Distributed	3
Informal Policies and Procedures	4
No Policies and Procedures	5

Risk Factor #5: Asset/Revenue Management

- Subfactor 1 Cash Funds: Determine if the unit utilizes separate cash funds. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
No separate cash funds	1
One cash fund	3
Multiple cash funds	4

- Subfactor 2 Receipt of Cash: Determine if the unit is involved in the receipt of cash/checks. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
No receipting in unit	0
Only Checks received	3
Cash & Checks received	4
Large volume of cash/checks received	5

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- Subfactor 3 Disbursement of Funds: Determine if the unit has the authority to disburse funds. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
No funds disbursement	0
Funds disbursed	3

Risk Factor #6: Consumer Impact

- Subfactor 1 Customer Base: Determine the customer base affected by the unit. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
No customer base	0
Other departments within Agency	2
Other State Agencies	3
Small number of state citizens affected	4
Large number of state citizens affected	5

- Subfactor 2 Changes in Customer Base: Determine if there have been any changes in the customer base within the last 12 months or if any changes are expected within the next 12 months. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
No changes	0
Other units within Agency	2
Other State Agencies added/deleted	3
Small number of state citizens added/deleted	4
Large number of state citizens added/deleted	5

Risk Factor #7: Business Process Risk

- Subfactor 1 Complexity of Operations: Based upon interviews, determine the complexity of the business environment within the unit. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

	<u>Risk Factor</u>
Simply operations environment	1
Moderately complex environment	3
Complex operations environment	5

- Subfactor 2 Decentralization: Based upon interviews, determine the extent of decentralization within each unit. Then use the following criteria to determine the risk factor to insert into the risk worksheet.

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		<u>Risk Factor</u>
	Operations are centralized	1
	Operations are decentralized to a small number of locations	3
	Operations are decentralized among a large number of locations	5
Subfactor 3	<u>Planned Changes:</u> Based upon interviews, determine if there are any planned changes that will affect the business process. Then use the following criteria to determine the risk factor to insert into the risk worksheet.	
		<u>Risk Factor</u>
	No changes planned	1
	Changes that will affect the flow of transactions and approval chain	3
	Changes that will add or delete entire business processes	5
Subfactor 4	<u># of Transactions:</u> Based upon data gathered, determine the number of transactions processed annually by the unit. (Agency must individually set the number of transactions considered significant because this will vary by agency). Then use the following criteria to determine the risk factor to insert into the risk worksheet.	
		<u>Risk Factor</u>
	No transactions processed	1
	Low number of transactions	3
	Significant number of transactions	5
Subfactor 5	<u>\$ of Transactions:</u> Based upon data gathered, determine the dollar amount of transactions processed annually by the unit. Then use the following criteria to determine the risk factor to insert into the risk worksheet.	
		<u>Risk Factor</u>
	Transactions processed not based on monetary unit	1
	Small Dollar transactions	3
	Large Dollar transactions	5